

Message Text

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PAGE 01 GENEVA 01217 01 OF 03 261947Z
ACTION STR-06

INFO OCT-01 EB-08 ISO-00 IO-13 STRE-00 EUR-12 COME-00
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P 261923Z JAN 78

FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 5190

INFO AMEMBASSY BRUSSELS

LIMITED OFFICIAL USE SECTION 01 OF 03 GENEVA 01217

USMTN

USEEC

STR ACTION

E.O. 11652: N/A

TAGS: ETRD, MTN

SUBJECT: PROPOSED CIRCULAR TELEGRAM TO LDC CAPITALS
ON THE MTN

1. DURING AMBASSADOR STRAUSS' VISIT TO GENEVA
JANUARY 22-24, HE REQUESTED A CIRCULAR TELEGRAM BE
PREPARED INSTRUCTING U.S. AMBASSADORS IN DEVELOPING
COUNTRIES TO EMPHASIZE TO HOST GOVERNMENT OFFICIALS
THE IMPORTANCE OF THEIR COUNTRY'S PARTICIPATION IN THE
FINAL NEGOTIATING PROCESS OF THE MTN. FOLLOWING
PARAGRAPHS ARE A SUGGESTED DRAFT FOR THIS PURPOSE.

2. BEGIN TELEGRAM: FOR THE ATTENTION OF CHIEF OF
MISSION FROM AMBASSADOR ROBERT S. STRAUSS. REF:
(A) 77 STATE 298259, (B) 77 STATE 269517.

3. BEGIN TEXT: THE DECISIVE NEGOTIATING STAGE OF THE
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PAGE 02 GENEVA 01217 01 OF 03 261947Z

MTN OPENED IN GENEVA JANUARY 23 WITH TABLING OF OFFERS
BY KEY DEVELOPED COUNTRIES COVERING AGRICULTURE, NON-
TARIFFS MEASURES, AND INDUSTRIAL TARIFFS. IN ADDITION,
THERE ARE DRAFT CODES AND PROPOSALS WHICH HAVE BEEN
CIRCULATED BY THE GATT SECRETARIAT ON A VARIETY OF
OTHER TOPICS UNDER NEGOTIATION INCLUDING SAFEGUARDS,
SUBSIDIES AND COUNTERVAILING DUTIES, GOVERNMENT PROCURE-

MENT, CUSTOMS VALUATION, LICENSING PRACTICES, AS WELL AS VARIOUS PROPOSALS FOR REFORM OF THE FRAMEWORK OF THE INTERNATIONAL TRADING SYSTEM. NOW THAT A FULL RANGE OF NEGOTIATING PROPOSALS ARE ON THE TABLE, AGREEMENT WAS REACHED AMONG THE PRINCIPAL TRADING PARTNERS TO INTENSIFY THE NEGOTIATIONS WITH THE AIM OF HAVING THE NEGOTIATIONS COMPLETED BY MID-JULY.

4. A NUMBER OF LDC'S SPOKE AT THE JAN 23 INFORMAL MEETING CONVENED BY THE GATT DIRECTOR GENERAL TO MARK THE TABLING OF OFFERS, AND I HAD AN OPPORTUNITY FOR A BRIEF EXCHANGE OF VIEWS WITH 18 LDC LEADERS AT A BREAKFAST MEETING JANUARY 24. ON BOTH OCCASIONS THEY EXPRESSED A SENSE OF FRUSTRATION THAT THE KEY DEVELOPED COUNTRIES WERE MOVING AHEAD WITHOUT THEIR FULL AND ACTIVE PARTICIPATION. I TOLD THEM THE MTN IS BEGINNING ITS FINAL, CRUCIAL NEGOTIATING STAGE AND IT IS IMPERATIVE THAT THEY ACTIVELY PARTICIPATE IF THEY WISH TO MAXIMIZE THE BENEFITS FOR THEIR OWN COUNTRIES. I REQUEST THAT YOU REINFORCE THIS AT BOTH THE POLITICAL AND SENIOR DECISION-MAKING LEVEL IN YOUR HOST COUNTRY EMPHASIZING THE POINTS IN PARA BELOW WHICH I MADE TO DELEGATIONS HERE IN GENEVA.

5. KEY POINTS TO COMMUNICATE

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PAGE 03 GENEVA 01217 01 OF 03 261947Z

A. THE U.S. IS IN EARNEST IN AIMING TO COMPLETE THE MTN BY MID-JULY. THE COMMISSION OF THE EUROPEAN COMMUNITIES AND JAPAN ARE IN FULL AGREEMENT WITH THIS OBJECTIVE. THIS IS A UNIQUE OPPORTUNITY TO INFLUENCE THE TRADING SYSTEM FOR THE NEXT DECADES AT LEAST. HOWEVER, THIS IS A NEGOTIATION--AND NOT IMPLEMENTATION OF UNILATERAL CONCESSIONS--AND HENCE A TWO-WAY STREET. THE U.S. IS PREPARED TO BE GENEROUS IN ITS NEGOTIATIONS WITH DEVELOPING COUNTRIES, AND IS PREPARED TO GIVE MUCH MORE IN TRADE VALUES THAN IT WILL RECEIVE. BUT, IN ORDER FOR DEVELOPING COUNTRIES TO OBTAIN MAXIMUM BENEFITS FROM THIS NEGOTIATION, SOME CONTRIBUTIONS FROM THEM TO TRADE LIBERALIZATION WILL BE NECESSARY. IT IS ON THIS BASIS THAT WE AGREED TO THE SEPTEMBER 1973 TOKYO DECLARATION, THAT OUR TRADE ACT WAS APPROVED BY THE CONGRESS, AND THAT OUR PRIVATE SECTOR ADVISORS HAVE PARTICIPATED IN THE PREPARATION OF OUR OWN REQUESTS. WITHOUT U.S. PUBLIC AND CONGRESSIONAL SUPPORT, NO AGREEMENTS ENTERED INTO BY THE U.S. EXECUTIVE BRANCH CAN BE IMPLEMENTED EXCEPT LIMITED TARIFF REDUCTIONS.

B. THE U.S. HAS TABLED COMPREHENSIVE OFFERS ON AGRICULTURE, NTMS, AND INDUSTRIAL TARIFFS. MEANWHILE,

OUR TROPICAL PRODUCTS OFFER REMAINS ON THE TABLE. WE INVITE THE CLOSE SCRUTINY OF THE U.S. OFFER, AND WE WILL BE LAUNCHING BILATERAL CONSULTATIONS PROMPTLY IN GENEVA TO SPELL OUT THE SPECIFIC TRADE INTERESTS OF YOUR COUNTRY IN OUR OFFER.

C. THE U.S. HAS ALSO INDICATED AREAS OF ITS EXPORT INTEREST IN MANY LDC'S, STARTING WITH THDSE WHO PARTICIPATED IN THE TROPICAL PRODUCTS NEGOTIATIONS, AS WELL AS THOSE TO WHOM INDICATIVE LISTS WERE SENT ON AGRICULTURE

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PAGE 01 GENEVA 01217 02 OF 03 261953Z

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INFO AMEMBASSY BRUSSELS

LIMITED OFFICIAL USE SECTION 02 OF 03 GENEVA 01217

USMTN, USEEC

STR ACTION

AND NONTARIFF MEASURES, AND MORE GENERALIZED PRELIMINARY MARKET ACCESS LISTS ON INDUSTRIAL TARIFFS.

D. WE NEED TO KNOW YOUR INTERESTS ASAP AND BY MARCH 1 FOR FULL CONSIDERATION. IT WILL BECOME EXTREMELY DIFFICULT AFTER MID-MARCH TO TAKE YOUR PARTICULAR INTERESTS INTO ACCOUNT IN THIS NEGOTIATION. WE PARTICULARLY NEED TO KNOW WHETHER MAINTENANCE OF OUR OFFER IS OF IMPORTANCE TO YOUR COUNTRY. WE ARE OPEN TO ADDITIONAL REQUESTS FOR POSSIBLE IMPROVEMENTS IN THE U.S. OFFERS. WE ALSO NEED TO KNOW WHAT CONTRIBUTIONS, REGARDLESS OF HOW MODEST, YOU ARE PREPARED TO MAKE TO THE NEGOTIATIONS, PARTICULARLY ON THOSE AREAS OF PRODUCT INTEREST IN WHICH WE HAVE ALREADY INDICATED SPECIFIC U.S. INTEREST.

E. IT IS CRITICALLY IMPORTANT FOR COOPERATIVE AND PROGRESSIVE TRADE RELATIONS, THAT ARE SO ESSENTIAL TO LDC ECONOMIC GROWTH, THAT MOVES BE MADE TO RECOGNIZE, ACCEPT AND FOLLOW THE DISCIPLINES IMPLICIT IN THE LIMITED OFFICIAL USE

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PAGE 02 GENEVA 01217 02 OF 03 261953Z

TRADING SYSTEM. MOVES BY COUNTRIES INTO A MORE DISCIPLINED ADHERENCE TO NORMAL TRADING RULES WILL CERTAINLY ENCOURAGE A BETTER OVERALL RESULT IN NEGOTIATIONS WITH OUR GOVERNMENT.

F. THE US MTN DELEGATION (AS WELL AS THE GATT SECRETARIAT) STANDS READY TO ASSIST YOUR COUNTRY'S DELEGATION IN ANY WAY POSSIBLE. IN GENEVA OUR MTN DELEGATION WILL HAVE AN OFFICER INDIVIDUALLY ASSIGNED FOR EACH COUNTRY WHO WILL BE READILY AVAILABLE TO PURSUE BILATERAL DISCUSSIONS IN ALL CASES IN WHICH THE DELEGATIONS OF OTHER COUNTRIES HAVE ADEQUATE INSTRUCTIONS TO NEGOTIATE ACTIVELY. YOU SHOULD STRESS THE POINT THAT IF SUCH INSTRUCTIONS FROM YOUR HOST GOVERNMENT HAVE NOT GONE FORWARD, THEY SHOULD DO SO WITH ALL URGENCY.

6. BACKGROUND: (A) AGREEMENT WAS REACHED IN JULY 1977 WITH THE EC ON A TIMETABLE FOR THE TABLING OF COMPREHENSIVE OFFERS ACROSS THE BOARD IN THE MTN BY MID-JANUARY. THIS TIMETABLE WAS LATER CONFIRMED IN JULY MEETINGS OF MTN GROUPS AGRICULTURE AND NONTARIFF MEASURES IN WHICH A REQUEST-OFFER PROCEDURE WAS AGREED UPON. LATER, AT A SEPTEMBER 23 INFORMAL MEETING OF THE MTN DELEGATIONS IN GENEVA, THE U.S. AND EC ANNOUNCED THEIR INTENTION TO ALSO TABLE IN MID-JANUARY OFFERS ON INDUSTRIAL TARIFFS, WITH JAPAN AND SOME OTHER DC'S LATER ALSO AGREEING TO TABLE OFFERS ON INDUSTRIAL TARIFFS. UNDER THE PROCEDURES AGREED TO IN GROUPS AGRICULTURE AND NTM'S, THE U.S. SENT ON NOVEMBER 1 INDICATIVE LISTS OF ITS EXPORT INTERESTS IN NEARLY 50 LDC MARKETS ON AGRICULTURE AND NON-TARIFF MEASURES. U.S. ALSO HAS RECEIVED REQUESTS ON AGRICULTURE AND NONTARIFF MEASURES LIMITED OFFICIAL USE

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PAGE 03 GENEVA 01217 02 OF 03 261953Z

FROM OVER 30 DEVELOPING COUNTRIES TO DATE, MANY OF WHICH WERE TAKEN INTO CONSIDERATION IN THE PREPARATION OF THE U.S. OFFERS, WHILE THOSE WHICH WERE NOT RECEIVED IN TIME (APPROXIMATELY AFTER MID-DECEMBER) ARE NOW UNDER URGENT REVIEW BY WASHINGTON AGENCIES. THE U.S.

ALSO INDICATED ON NOVEMBER 1 ITS MARKET ACCESS INTEREST IN LDC MARKETS ON INDUSTRIAL PRODUCTS IN GENERAL TERMS TO SEVEN OF THE LARGER LDCS (MEXICO, BRAZIL, ARGENTINA, ISRAEL, INDIA, THE PHILIPPINES, AND KOREA), AND IN DECEMBER, TO 44 ADDITIONAL LDCS. THE U.S. HAS NOT MADE ANY INDICATIONS OF SPECIFIC PRODUCT INTEREST IN THE MARKETS OF 17 OF THE LEAST DEVELOPED LDCS, AND IS SENSITIVE TO THE PARTICULAR NEEDS OF THE LEAST DEVELOPED. ON DECEMBER 16, THE U.S. MTN DEL IN GENEVA SENT LETTERS TO 68 LDC DELEGATIONS INVITING THEIR REQUESTS FOR SPECIAL AND DIFFERENTIAL TREATMENT ON INDUSTRIAL TARIFFS IN THE U.S. OFFER AS SOON AS POSSIBLE. THE U.S. INDICATED IN THIS LETTER THE TYPE OF TRADE LIBERALIZING MEASURES THAT THE U.S. WAS PREPARED TO CONSIDER ON TARIFFS, AND AGREED TO CONSIDER SUCH REQUESTS EVEN AFTER TABLING ITS OFFER. IT WAS NECESSARY TO PROCEED IN THIS INFORMAL MANNER AS IT WAS NOT POSSIBLE TO HOLD A FORMAL MEETING OF GROUP TARIFFS, GIVEN THE SENSITIVITIES OF THE EC TO PUBLIC DISCUSSION OF THE 40 PERCENT

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PAGE 01 GENEVA 01217 03 OF 03 261954Z
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LIMITED OFFICIAL USE SECTION 03 OF 03 GENEVA 01217

USMTN, USEEC

STR ACTION

GOAL FOR TARIFF REDUCTIONS, AND TO LACK OF AGREEMENT AMONG THE LDCS AS TO THE TYPE OF S&D MEASURES DESIRED. (I.E. EC-ACP COUNTRIES SOUGHT AGREEMENT ON THE USE OF NON-TRADE LIBERALIZING MEASURES BY THE EC TO PRESERVE THEIR ACP TARIFF MARGINS, WHILE OTHER NON-ACP LDCS SOUGHT AGREEMENT ON AS BROAD MFN TARIFF REDUCTIONS AS

POSSIBLE.)

(B) THE U.S. TROPICAL PRODUCTS OFFER TABLED MARCH 1, 1976 REMAINS ON THE NEGOTIATING TABLE AS DO THE SPECIFIC CONTRIBUTIONS THE U.S. REQUESTED FROM THE PRINCIPAL BENEFICIARIES TO ITS OFFER. TO DATE, AGREEMENT HAS BEEN REACHED ONLY WITH MEXICO (SEE REFTEL B) WHICH WILL PERMIT US TO IMPLEMENT CONCESSIONS ON SOME OF THE PRODUCTS INCLUDED IN OUR TROPICAL PRODUCTS OFFER PROMPTLY AFTER MEXICAN RATIFICATION IS CONFIRMED.

7. PLEASE REPORT REACTIONS TO YOUR DEMARCHE BOTH TO STR-WASHINGTON AS WELL AS TO U.S. MTN DEL GENEVA. PLEASE INCLUDE U.S. MTN DEL GENEVA IN YOUR ECONOMIC LIMITED OFFICIAL USE

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PAGE 02 GENEVA 01217 03 OF 03 261954Z

REPORTING THAT AFFECTS TRADE ISSUES OVER THIS CRITICAL NEGOTIATING PERIOD. END OF TEXT. END OF TELEGRAM.

8. DRAFTED BY KNEPPER. MCDONALD

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Message Attributes

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